

AMENDED IN SENATE MARCH 12, 2007

**SENATE BILL**

**No. 16**

**Introduced by Senator Florez**  
*(Principal coauthor: Assembly Member Parra)*

December 4, 2006

---

~~An act to add Section 1202.8 to the Public Utilities Code, relating to railroads. An act to add Article 14 (commencing with Section 53596) to Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, relating to local agency finance.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 16, as amended, Florez. ~~Railroads; rail crossings. Local agency finance: local tax revenue bonds.~~

*Existing law authorizes cities and counties to issue various types of debt instruments, including limited obligation bonds, funded by certain revenue sources, and subject to specified criteria.*

*This bill would authorize qualifying cities and counties to establish sales tax revenue, or STAR, bond districts, and to issue bonds for the financing of projects within those districts pursuant to the provisions of law governing the issuance of limited obligation bonds, subject to specified criteria, including approval by the Treasurer. It would require the city or county to enter into a tax distribution agreement among the city or county, the bond trustee, and the Treasurer, pursuant to which the Treasurer would distribute certain portions of local tax revenues collected by the State Board of Equalization from taxpayers doing business within the STAR bond district, for payment of the principal and interest on the bonds, subject to specified criteria.*

~~Existing law establishes the consumer protection and safety division of the Public Utilities Commission. The consumer protection and safety~~

~~division is responsible for inspection, surveillance, and investigation of the rights-of-way, facilities, equipment, and operations of railroads and public mass transit guideways, and for enforcing state and federal laws, regulations, orders, and directives relating to transportation of persons or commodities, or both, of any nature or description, by rail. Existing law grants the commission exclusive power to determine and prescribe the manner and terms of installation, operation, maintenance, use, and protection of each crossing of a public or publicly used road, highway, or street by a railroad.~~

~~This bill would require the commission to order that a public-rail grade crossing be equipped with automatic gates, if the commission determines in the course of investigating a public-rail grade crossing collision, that it is more likely than not that the collision would not have occurred if the crossing had been equipped with automatic gates, or if the commission determines that the injury to person or property resulting from the collision would have been substantially reduced if the crossing had been equipped with automatic gates.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Article 14 (commencing with Section 53596) is  
2     added to Chapter 3 of Part 1 of Division 2 of Title 5 of the  
3     Government Code, to read:

4  
5                     Article 14. Sales Tax Revenue Bonds

6  
7     53596. It is the intent of the Legislature in enacting this article  
8     to provide for a program of alternative financing for economically  
9     depressed cities or counties to issue bonds repaid by revenues  
10    received by the city or county from any transient occupancy tax  
11    or local sales and use tax collected from taxpayers from within a  
12    district created pursuant to this article.

13    53596.2. (a) The governing body of a city or county whose  
14    average per capita income is within the lowest 5 percent of the  
15    statewide average, may, after a public hearing, and upon finding  
16    that the city or county qualifies for the bond program provided for  
17    in this article and that the program would promote the economic  
18    welfare of the city or county, establish by ordinance a sales tax

1 revenue (STAR) bond district with geographic boundaries within  
2 the jurisdiction of the city or county. The adoption of this ordinance  
3 shall not be construed to require the city or county to issue the  
4 bonds.

5 (b) Upon adoption of the ordinance, the governing body shall  
6 conduct public hearings, a feasibility study, and a marketing study  
7 to determine the impact of a project on similar businesses in the  
8 projected market area.

9 (c) If the governing body determines that the issuance of bonds  
10 is in the best interest of the city or county, it shall develop a project  
11 plan for the use of proceeds of bonds issued pursuant to this article,  
12 to include project costs, and submit the project plan to the  
13 Treasurer for approval.

14 53596.5. Costs associated with a project financed with the  
15 proceeds of bonds issued pursuant to this article include, but are  
16 not limited to, all of the following:

17 (a) Acquisition of property within the project area.

18 (b) Payment of relocation assistance pursuant to a relocation  
19 assistance plan.

20 (c) Site preparation, including utility relocations.

21 (d) Sanitary and storm sewers and lift stations.

22 (e) Drainage conduits, channels, levees, and river walk canal  
23 facilities.

24 (f) Street grading, paving, graveling, macadamizing, curbing,  
25 guttering, and surfacing.

26 (g) Street lighting fixtures, connection, and facilities.

27 (h) Underground gas, water, heating, and electrical services  
28 and connections located within the public right-of-way.

29 (i) Sidewalks and pedestrian underpasses or overpasses.

30 (j) Drives and driveway approaches located within public  
31 right-of-way.

32 (k) Water mains and extensions.

33 (l) Plazas and arcades.

34 (m) Parking facilities.

35 (n) Landscaping and plantings, fountains, shelters, benches,  
36 sculptures, lighting, decorations, and similar amenities.

37 53596.7. (a) Upon approval by the Treasurer pursuant to  
38 subdivision (c) of Section 53596.2, the governing body of the city  
39 or county may provide for the issuance of STAR bonds pursuant  
40 to the procedural requirements of Article 4 (commencing with

1 *Section 50665.1) of Chapter 3 of Part 1 of Division 1. No bond*  
2 *shall have a maturity date beyond 20 years after its issuance.*

3 *(b) (1) In connection with the issuance of the STAR bonds, the*  
4 *city or county shall enter into a tax distribution agreement among*  
5 *the city or county, the bond trustee, and the Treasurer, pursuant*  
6 *to which the Treasurer shall distribute local tax revenues collected*  
7 *by the State Board of Equalization from taxpayers doing business*  
8 *within the STAR bond district, in the percentages or amounts*  
9 *determined by the governing body of the city or county.*

10 *(2) For purposes of this section, local tax revenues consist of*  
11 *sales and use tax revenues derived by a city or county under the*  
12 *Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5*  
13 *(commencing with Section 7200) of Division 2 of the Revenue and*  
14 *Taxation Code), in each case with respect to retail sales within*  
15 *the STAR bond district, and the revenues, if any, from the city or*  
16 *county's local transient occupancy tax imposed pursuant to Section*  
17 *7280 of the Revenue and Taxation Code, within the district.*

18 *(3) The Treasurer shall credit that portion of the local tax*  
19 *revenues determined pursuant to paragraph (1) to a special fund*  
20 *created for that purpose until the date upon which the aggregate*  
21 *amount deposited therein is equal to an amount sufficient to retire*  
22 *all of the principal and interest on all STAR bonds for that district.*  
23 *Moneys credited to the special fund shall be available for transfer*  
24 *to the bond trustee to pay principal and interest on the STAR bonds,*  
25 *and shall be pledged by the city or county for that purpose.*

26 ~~SECTION 1. Section 1202.8 is added to the Public Utilities~~  
27 ~~Code, to read:~~

28 ~~1202.8. If the commission, in investigating a public-rail grade~~  
29 ~~crossing collision, determines that it is more likely than not that~~  
30 ~~the collision would not have occurred if the crossing had been~~  
31 ~~equipped with automatic gates, or the commission determines that~~  
32 ~~the injury to person or property would have been substantially~~  
33 ~~reduced if the crossing had been equipped with automatic gates,~~  
34 ~~the commission shall order that the public-rail grade crossing be~~  
35 ~~equipped with automatic gates.~~